



**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
UNEMPLOYMENT INSURANCE EMPLOYER NEWSLETTER - JUNE 2001**

**ARIZONA JOB TRAINING EMPLOYER TAX
QUESTIONS AND ANSWERS**

During the last few months we received many phone calls and e-mail messages asking a variety of questions about the new Arizona job Training Employer Tax. The most commonly asked questions, along with the answers, appear below.

What is the Job Training Employer Tax?

The Job Training Employer Tax funds the Arizona Job Training Program administered by the Arizona Department of Commerce. This program provides money grants for short term, customized training projects for employers. For information regarding the grant process, contact the Arizona Department of Commerce at (602) 280-8133 or (888) 677-8177. Their website is www.azcommerce.com.

This is an increase in my Unemployment tax, isn't it?

No. To offset the new 0.10% Job Training Tax, the required income rate of the Arizona Unemployment Insurance Trust Fund was reduced by 0.10% to ensure that any employer liable for the Job Training Tax would not pay more in combined Unemployment and Job Training taxes.

Why are several groups of employers exempt from the Tax?

These groups are exempt because existing statutes prevented them from benefiting from the 0.10% reduction to the required income rate of the Arizona Unemployment Insurance Trust Fund.

I work for a non-profit company. Why don't I see "NOT APPLICABLE" on Line #7 of the quarterly Unemployment Tax and Wage Report?

Only 501(c)(3) non-profit, income tax exempt organizations choosing the "Reimbursement Option" are exempt from the Job Training Tax (reported on Line #7 of the quarterly report). The same is true for public sector organizations as well as Indian tribes in Arizona. These entities must choose the Reimbursement Option. Otherwise, they pay quarterly Unemployment taxes and may also be liable for the Job Training Tax.

Do I withhold the 0.10% from my employees' pay?

No. The Job Training Tax is an employer-paid tax. It is not to be withheld from your employees' gross wages.

My UI tax rate for the year is 0.50%. Why don't I see "NOT APPLICABLE" on Line #7?

Employers with an Unemployment tax rate of 0.50% (.005 decimal equivalent) are paying at a rate of one-half of one percent of their total taxable wages.

In order to be exempt from the Job Training Tax in calendar year 2001, the employer must have an Unemployment tax rate of either seven one hundredths percent (0.07% - .0007 decimal equivalent), five one hundredths percent (0.05% - .0005 decimal equivalent), or 2.70% or greater.

I sent my Unemployment Tax and Wage Report along with my payment but I overlooked the Job Training Tax calculation on Line #7. What should I do?

Compute the Job Training Tax liability using Line #7 and send your check payable to the Department of Economic Security, P.O. Box 6028, Phoenix, Arizona 85005-6028. **Clearly mark your check with your employer account number.**

Where can I get more information about the Job Training Tax?

Employers wishing more information may visit our website at <http://www.de.state.az.us/links/esa/index.html>.

You may also contact Mr. William Dent at (602) 248-9354 Ext. 1504, by e-mail at wdent@de.state.az.us or by letter addressed to ADES Unemployment Insurance Tax Section, P.O. Box 6028, Phoenix, AZ 85005-6028

STATEWIDE QUARTERLY FRAUD CONVICTIONS

The UI Fraud Investigation Unit of the Department's Office of Special Investigations has just released its UI fraud conviction report for the first quarter of 2001. These convictions came from the concerted efforts of all UI staff as well as our statewide employer community.

Sixty convictions during the quarter resulted in \$180,472.00 in restitution orders and fines. Jail or prison sentences for those involved totaled 2 years 2 months and 30 days. Probation time added up to 126 years and 8 months. Finally, 2,795 hours of unpaid community service hours were meted out as a result of these convictions.

NEW HIRE REPORTING

Since the implementation of Arizona's new hire reporting requirement, the Program has produced tremendous results. From October 1998 through March 2001, the results are as follows:

New hire reports received from employers:	3,215,230
Reports matched to a child support case:	119,216 (3.7%)
Income Withholding Orders generated:	49,671
Collections:	\$9,357,355

In May 2000, a monthly data match was implemented to compare new hire data with Unemployment Insurance (UI) data.

From May 2000 through March 2001, the results of this match are as follows:

UI benefit overpayments established:	396
UI benefit overpayments detected:	\$85,053

The success of Arizona's New Hire Reporting Program is due to employers' participation and compliance with Arizona Revised Statutes §23-722.01 and Section 313, Personal Responsibility Work Opportunity Act of 1996, 42 U.S.C. 653A which requires all employers to report each new and rehired employee to the State Directory of New Hires.

For more information on new hire reporting or to get the "new" New Hire Reporting Form, please visit our web-site at www.az-newhire.com or call the New Hire Reporting Center at 602-340-0555 or toll free at 888-282-2064.

Thank you for helping us support Arizona's children.